

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
June 19 & 20, 2002**

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on June 19, 2002, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present were: Chris Marr, Ed Barnes, Aubrey Davis, Elmira Forner, George Kargianis, A. Michèle Maher and Connie Niva.

APPROVAL OF MINUTES

It was moved by Commissioner Davis, and seconded by Commissioner Maher, to approve the minutes of the May 15-16, 2002 and May 22, 2002 Commission meetings. The motion was approved unanimously.

ADMINISTRATOR'S REPORT

Chris Rose, the Commission Administrator, reported on the upcoming Seattle Local Area Meeting, and indicated that the Commission would select the local area meeting locations for 2003 at the August Commission meeting.

OFFICE OF THE SECRETARY REPORT

Secretary MacDonald announced that TVW now has a direct connection to the overhead projector in the Commission Board Room to improve the quality of their transmission of presentations. Commissioner Marr suggested that the Commission and Department's websites include a survey asking for feedback regarding the quality of the transmission and for other suggestions regarding how to improve communication with the public. Commissioner Forner requested that the Commission Office find out when TVW is going to tape transportation events, and let the commissioners know so they can follow those events.

Secretary MacDonald stated that the King, Pierce and Snohomish county councils would be meeting that day to discuss forming the Regional Transportation Investment District. He stated that the Department is providing information and also serving as a facilitator of the formation process. He stated that he has been asked to chair the committee of the councils. Amy Arnis, Financial Planning Manager, has been providing revenue-related information, and Dave Dye, Urban Corridors Administrator, has been providing information on project costs and phasing. Secretary MacDonald commented that the question of tolling for the projects has come up. He distributed a copy of a speech he delivered at the "Imagining Our Transportation Future" conference. He

pointed out that experience around the country has found that it is possible to manage congestion with pricing mechanisms, and to raise revenue with tolling mechanisms, but it is very difficult to do both at once.

He announced that a draft report on the potential for tolling in the region would be available by the end of June; the report will assess the feasibility of tolling for each corridor, and the implications at the regional level. All major state routes are being examined. Commissioner Kargianis asked whether the Department is looking at the feasibility of separate toll expressways. Mr. Dye responded that the study is only looking at tolling existing routes. Secretary MacDonald pointed out that the Department is, however, carefully examining the California experience with toll expressways. Commissioner Forner suggested that the tolls be statutorily dedicated to transportation uses, to avoid having the revenues diverted to the General Fund, and to increase toll-payer confidence that the revenues will be used to improve their commute. Commissioner Barnes commended Secretary MacDonald for the toll study, and stated that the Legislature should give the Commission the authority to implement tolls on bridges and highways throughout the state. Secretary MacDonald responded that the toll issue would probably be addressed by the Legislature in the upcoming session.

Commissioner Kargianis asked Secretary MacDonald to comment on his role as the chair of the committee of the county councils, compared to being an advocate for the I-405 corridor plan. He pointed out that the Department has prepared a less-than-full-funding scenario, while the Executive Committee has decided to advocate for the full-build-out plan. Commissioner Kargianis asked who would advocate for the project if the Secretary were acting as a neutral chair. Secretary MacDonald responded that the Commission and Department should be respectful of the legislative decision to give the authority to determine the projects to be funded within the regional transportation investment district to the county councils. The Department and its advisory committees have developed specific corridor improvement plans, but the Legislature and the county councils have the authority to decide how much of each corridor will be completed. He stated that the Department should not be advocating for one corridor over another, but rather provide objective information and facilitate the process. Commissioner Kargianis commented that the Department should, however, provide information on each of the corridors that clearly shows the relative benefit/cost ratios, and should advocate completion of corridors rather than spreading revenue over many projects without the full benefit of the investments being achieved. Commissioner Davis pointed out that the legislative direction was that the officials who would levy the taxes – the county councils – should have the ability to decide the projects that would be built with the revenue. No single corridor will be completed in its entirety, but the segments that are completed will be logical segments that provide congestion relief. Commissioner Kargianis responded that the Commission and Department ought to be more than facilitators, but should also advocate for policies to be used in making the project selection. He suggested the guiding principles adopted by the I-405 Executive Committee be used for the corridor selection process. Secretary MacDonald stated he would take the feedback under advisement.

INDICATORS AS A COMMUNICATIONS TOOL

Secretary MacDonald stated that he requested the presentations as an opportunity for the Commission to learn what other agencies and organizations are doing in community program and system performance to the public.

Scott Redman, Acting Chair, Puget Sound Water Quality Action Team, provided the Commission with copies of the 3rd Edition of the Puget Sound Watch. He stated that the report provides information regarding 19 indicators of environmental health. The team distributes 500,000 copies as newspaper inserts, which means the printing and distribution is relatively inexpensive. The Action Team uses the indicators not only to inform the public, but also as a guide for developing action strategies to improve the health of the environment. He pointed out that several indicators are accompanied by a few key messages: that the growing population exerts pressure on the Puget Sound, that several actions by the state have resulted in visible improvements, but that there has been a sharp, synchronous decline in many species within the Sound. The report includes several maps that display the indicators, as well as a general map of the Puget Sound and Georgia Basin area. Mr. Redman showed several overheads to display how the Team communicates the indicators to the public. Mr. Redman concluded his presentation by stating that the indicators have proven to be a powerful communication tool, and support program evaluation. The challenge for any agency in developing indicators is that defining targets and managing those targets is very difficult. Further, the complexity of systems such as ecosystems makes it difficult to select and report simple indicators that are easy to communicate. He commented that the Department of Transportation's Gray Notebook does a good job of revealing the complexity of the system while communicating in a way the public can understand.

Alan Durning, Executive Director, Northwest Environment Watch, explained that the organization is in the middle of a three-year program to develop ten indicators that can be used to describe the health of society. The Northwest Environmental Watch believes that "what gets measured gets fixed." He distributed a report to the Commission, which covers the Pacific Northwest communities; primarily the Vancouver B.C., Seattle, and Portland metropolitan areas. The organization has found that pictures and maps are the most powerful communicators, as compared to graphs and charts. The current indicators used in the report are: health, income, population, smart growth, pavement, salmon, cars and trucks, roads, energy and greenhouse gases. Measures within each indicator area are used to describe what is happening within the region. Mr. Durning stated that the indicators show that impacts per person are stabilizing, but the growth in the number of people still poses a threat to the health of the environment and society. On the whole, people are doing better than nature. He pointed out that the measures are still in development, and more data is needed. What the organization has found is that measures provide and maintain the focus of an organization. Indicators need to both tell the public basic truths and also touch on issues in which the public is interested.

Commissioner Maher commented that both reports being presented as examples do an excellent job of showing both sides of the story. Commissioner Marr stated that the examples should prove useful to the Department as a tool for learning other approaches. He commented that state agencies should learn from each other, conducting peer reviews of their measures and reports. Secretary MacDonald pointed out that one issue that both reports, as well as the Gray Notebook, show is that there is also a natural variation in data. It is difficult at times to be sure there is a causal connection between the variations seen and the actions an agency is taking or not taking. He also commented that a good chart should both tell a story and ask a question; that is, to prompt a further exploration of the data.

URBAN CORRIDORS REPORT

Dave Dye, Urban Corridors Administrator, summarized for the Commission the purpose and process of the Cost Estimating Validation Process (CEVP). He also reviewed in detail the CEVP findings for each of the major state corridors for which the process was used.

OFM LUNCH MEETING

The Commission, members of the Department executive management team, and staff from the Governor's Office and Executive Policy Office discussed the cost estimation validation process, the development of the 2003-2005 budget, the HOV study being conducted by the Department, the progress of the regional transportation investment district discussions, and the issue of random searches of ferry customers by the Washington State Patrol.

PUBLIC AND LEGISLATOR COMMENT PERIOD

Lloyd Flem, representing the Washington Association of Rail Passengers, informed the Commission that 31 individuals from Virginia would be visiting Washington on June 24th and 25th to learn about Washington's passenger rail system. He stated that the visit was a testimony to the support that the Commission and Department had provided to passenger rail.

Representative Cheryl Pflug and Representative Glenn Anderson spoke regarding the Commission's decision to defer construction for the Tibbetts Creek project and the SR 202 project. Representative Pflug stated that the City of Issaquah is bisected by I-90 and that the culverts that were put in place during the original construction, which were sufficient at the time, are no longer adequate. Commercial and recreation areas are subject to floods, and the floods also threaten the salmon hatchery. She pointed out that both the city and the private developers had completed their phases of the retrofit project. The state was scheduled to begin construction during the summer of 2002. Representative Pflug expressed her concern regarding the credibility of the Department, and also regarding

the damage that would be done to the construction already completed. She stated that the project is not on the Referendum 51 list, and therefore would not be finished without Commission action. Representative Anderson stated that he was aware of the decline of purchasing power for the Department over time, and pointed out that the delay would mean additional costs, for which no additional revenue would be available. Representative Pflug stated that she believes the state will be liable for losses from the flood, and that the issues of credibility and accountability are important. The Department is in danger of losing its credibility. Representative Anderson stated that the loss of credibility would make it harder for the Department to develop and maintain partnerships. Representative Pflug stated that the SR 202 project deferral would also hurt the Department's credibility with the Department, since it was already in the right of way acquisition stage. Representative Anderson stated that the economic impact must also be considered. SR 202 serves the Redmond business community; it is a major congestion point. Commissioner Marr pointed out that the Commission was required to defer projects because of budget cuts by the Legislature. Commissioner Forner commended Representative Pflug and Representative Anderson for coming to the Commission to advocate for the projects. She showed them the list of the many projects that had to be deferred because of the budget shortfall, projects that were all stopped in mid-course. Representative Pflug stated that it was the Senate budget that was under-funded, but that also there was new spending programmed by the Commission for Trans-Lake and for Incident Response. The additional spending by the Commission resulted in additional projects having to be cut. Commissioner Davis responded that the Legislature authorized additional spending out of the Preservation Program for Trans-Lake, Alaskan Way Viaduct and the Incident Response Program. He pointed out that the two projects mentioned involve facilities that carry far more people, with a far greater safety risk, than the projects that were deferred. He indicated, however, that the Commission would be looking for ways to restore as many projects as possible in the 2003-2005 current law budget. Representative Pflug stated that she understands the importance of preservation, but that SR 18 had also not been completed. There is a perception, she explained, that Seattle gets all of the money. Representative Anderson pointed out that the state had spent \$6 billion during the past ten years, yet only added 110 miles of new lanes. Credibility of the state is in jeopardy. Commissioner Kargianis thanked the representatives for their feedback, and stated the Commission would consider it during its budget deliberations later in the day. Commissioner Barnes also thanked them for attending, and invited them to return on a continuing basis to engage in a dialogue regarding transportation issues. Commissioner Marr thanked the representatives for attending, and invited them to stay for the budget discussion. Representative Pflug closed her comments by asking the Commission to be sure to notify legislators in advance of these types of issues coming to the Commission for consideration.

Don Williams stated that he wrote a letter to the Commission asking for a follow-up investigation of the steel purchase issue. The Commission's response, he stated, was "trust us." He commented that he had heard that phrase before, and does not trust that past decisions will be held to. He pointed out that the Commission was informed of cost increases, and that of all the mega projects, the Tacoma Narrows Bridge would have the

highest set of tolls. He pointed out that the issue of tolls on the other mega projects has yet to have been discussed. Mr. Williams stated that the tolls would pay for project cost overruns, and that the Department is in a bad negotiation position because of the sole source contract situation. He also expressed concern regarding what he characterized as the “cozy” relationship between the Department and the contractor. He asked the Commission to intervene to control the costs of the project. Commissioner Marr responded that the Department knows that the Tacoma Narrows Bridge Project is too important for the Department to accept a bad deal.

Bill Wright reviewed his comments from the May meeting. He stated that he attended the Executive Committee of the Ferry Advisory Committees when the Commission met with the Committee in April, and also attended the San Juan Island Ferry Advisory Committee. He stated that he believes there is a difference of opinion between the committees and the residents of the San Juan Islands, as well as the county commission, of which the Transportation Commission is unaware. He pointed out that the committees do not keep minutes, so the public does not have a way to find out what has been discussed. Mr. Wright also read a letter from Richard Lankford to the Commission, which proposed an alternative to the Commission’s approach to ferry fares for the San Juan Island. The “Citizens for a User Friendly Ferry System” proposes pricing incentives to divert travelers’ vehicles away from congested sailings and toward low volume sailing.

Greg Brown, Director of Construction, Bethel School District, requested that the SR 161 Meridian Road Project be restored. The project was one of the projects the Commission deferred during the April Commission meeting. Nancy Moffett, Bethel School District, supported the request, adding that the growth in the community requires the improvement, which will address safety concerns as school traffic increases as a result of construction of a high school in the area. Ms. Moffett pointed out that it took eight times for the district to pass the bond necessary to build the high school. The bond includes the school district’s share for the SR 161 improvements, but the state must come through with its funding for the project to be built. She expressed her concern that Pierce County will hold the permit for the high school if the state does not build the project. If that is the case, the district will have to find the money to complete the project; the money would have to come out of the district’s general fund, reducing the amount of money available for education. She requested that the Commission not wait until the 2003-2005 biennium. Randy Hain, Olympic Region Administrator, responded to a question from the Commission, stating that the project is ready to go, and that beginning the project immediately would allow the project to be completed at the same time as the high school opened. Commissioner Niva expressed her support for the project, but stated that the Commission does not have the revenue necessary to complete the project. Ms. Moffett responded by stating that she understands the revenue situation, but asked the Commission to allow the district to work with the Department to find money to fund the project. Mr. Brown stated that both the high school and the SR 161 projects were important to complete.

Commissioner Marr requested that Chris Rose, Commission Administrator, track the projects that have been deferred, so that the Commission will be kept informed regarding the funding status.

Peter Thein, Acting Executive Director, Washington State Transit Association, stated the Association's opposition to any change in the operating policies of the high occupancy vehicle lane system in the central Puget Sound. The Association is concerned that the proposed change will affect the speed and reliability of the HOV lanes. Mr. Thein also commented on the Transportation Efficiency Act, ESHB 2304, stating that the Association supported the Act and was ready to work with the Commission to implement the benchmarks and the requirements for transit maintenance and preservation plans.

WSDOT 2003-2005 BUDGET DEVELOPMENT

Bill Ford, Budget Chief, reviewed the schedule for development of the 2003-2005 budget for the Department. He then reviewed the proposed current law budget for the operating programs. He pointed out that the current law proposal for the Incident Response Program would only continue the existing program as enhanced by the Commission's programming of increased funds, which was authorized by legislative proviso. Mike Thorne, WSF CEO, discussed the Department's proposed decision package regarding risk management for the Washington State Ferries. Mr. Thorne proposed a comprehensive strategy to manage and minimize risk and improve safety for the passengers and employees of Washington State Ferries. Secretary MacDonald explained that the entire agency is facing a substantial increase in the cost of self-insurance, due to the method by which the state calculates each agency's share of the risk management pool. Commissioner Kargianis expressed his concern regarding the risk management costs, and asked the Department to reexamine the methodology and accuracy of the projections made by the Department of General Administration. Judy Giniger, Acting Assistant Secretary for Finance and Support, discussed the Department's information systems technology needs, pointing out that the existing program applications are obsolete and no longer supported by the vendors. She presented graphics that showed the existing infrastructure of computer programs used by the Department, and the priority systems needing early redevelopment. She presented proposed decision packages for 2003-2005 that would provide short term fixes, update the hardware, and provide an assessment for future design or purchase of software applications to address the Department's long-term information management needs. Rick Smith, Director for Planning and Capital Program Management, explained the reductions being proposed for the Transportation Planning program, and pointed out that the reduction in staff would require reductions-in-force to accomplish.

Mr. Ford then explained the capital program proposals for Capital Facilities, Traffic Operations, Rail, Washington State Ferries, Transportation Economic Partnerships and Local Programs.

Paula Hammond, Chief of Staff, opened the discussion of the Highway Preservation and Highway Improvement programs by stating that the Department was asking the Commission to decide the level of funding for each program, which would then provide the staff with the necessary targets for developing project lists. She pointed out that in discussing the subprogram allocations, the Commission should remember that the Department's safety program included not only the Improvements-Safety (I2) Program, but also the improvements inherent in Mobility Improvements and Preservation projects. She informed the Commission that the Federal Highway Administration clarified that its expectation for minimum funding for safety was based on the percentage of the state's National Highway System that met the standards for safety, rather than a minimum amount of money spent each biennium. She pointed out that only 12% of the state's NHS is not up to standard, and each of the three budget scenarios proposed by the Department for consideration would address those deficiencies. She stated that each of the scenarios included all of the 2001-2003 Improvement-Safety projects deferred by the Commission, but would not fund the program at the Highway System Plan level. She indicated that the Department could expect the Preservation Program to remain stable, but the Improvement Program would decline rapidly.

John Conrad, Assistant Secretary for Engineering and Regional Operations, discussed the three scenarios proposed for discussion in the Preservation Program. He explained to the Commission the impact of not rehabilitating asphalt within the least-life-cycle cost time frame. He pointed out that in the three scenarios being proposed, the asphalt concrete pavement and the seismic retrofit programs were the only levels that changed. He stated that 818 miles are already past due in pavement work; he demonstrated the increasing cost of addressing the pavement condition as time passed. He pointed out, however, that the 818 miles only represents 5% of the current system being past due. He explained the increased amount of past due pavements that would result from each of the scenarios.

Mr. Smith then explained how each of the three scenarios would affect the ability to fund improvement projects, and the variations available to the Commission within the Improvement Program. He stated that the Department recommended that the Commission select the Preservation funding scenario that would accomplish 89% of the Highway System Plan level for pavement rehabilitation, and would extend the seismic retrofit of bridges beyond the twenty-year goal. He stated that the Department also recommends that the Commission request the Legislature fund the deferred projects that were specified for additional funding under the Referendum 51 budget through the referendum revenues rather than out of the current law revenues. The Department also recommended that the Commission program \$30 million for the Mobility, Economic Initiatives and Environmental Retrofit subprograms of the Improvement Program, selecting projects based on community support, the ability to construct the project in 2003-2005, and the amount of partnership monies invested in the project. Mr. Smith provided a handout showing the projects to be funded by Referendum 51, the projects to be funded within the \$30 million Improvement new start project list, and the Safety (I2)

projects that should be considered for programming under a \$20 million new start program for safety.

It was moved by Commissioner Kargianis, and seconded by Commissioner Niva, to approve the recommended "Scenario 2" Preservation Program, to include in the budget a request that the Legislature fund the deferred projects that were partially funded by Referendum 51 and partially funded by current revenues by applying only Referendum 51 funds, to propose and program a \$30 million Improvement program from the list recommended by the Department, and to consider in July including the deferred safety projects in a \$20 million safety program request to the Legislature. The motion passed unanimously.

Mr. Conrad pointed out that there would still be projects within the original 2001-2003 Improvement Program that would not be funded under either the proposed current law program stated in the motion, or by Referendum 51.

POTENTIAL AGENCY REQUEST LEGISLATION - 2003

(This item was deferred to July.)

COMMISSIONER REPORTS

Commissioner Barnes reported that he participated in the tour of the Hood Canal Bridge project. He stated that it was well attended, and that several legislators participated. He also reported that the I-5 Partnership arrived a recommended plan for improving the transportation facilities across the Columbia River and along the I-5/I-205 Corridor in the Portland and Clark County areas. He stated that the Commission would receive a presentation regarding the plan.

Commissioner Kargianis stated that he continues to chair the I-405 Executive Committee, which has adopted a plan for the corridor and is working on obtaining funding for the plan.

Commissioner Davis reported that he continues to chair the Trans-Lake Washington Executive Committee, which will be developing a preferred alternative for the SR 520 corridor. He stated that the Committee is also examining possible phasing options. He also reported on the value pricing conference held in May, which was well attended by the leadership in the region, and will influence the discussions being held regarding the funding and operation of the various urban corridors in the central Puget Sound region.

Commissioner Maher reported that she participated in a regional transportation planning organization meeting in the Tri-Cities, and pointed out that even that organization is discussing tolls for projects. She also reported on the Bridging the Valley Project in Spokane. She stated a major breakthrough was achieved for the project, when

the Burlington Northern Santa Fe Railroad and the Union Pacific Railroad agreed to operate within the same corridor. Commissioner Maher also attended the Asphalt Paving Association annual meeting, and spoke on transportation issues. She also attended the ribbon cutting ceremony for the Sullivan Interchange Project.

Commissioner Niva reported that she participated an Alaskan Way Viaduct Leadership Group meeting the previous evening. She distributed a document describing the various plan options being considered.

Commissioner Marr reported that he continues to give presentations to communities regarding the transportation issues facing the state. He participated in the Commute Smart Award program, and participated in the Hood Canal Bridge tour. Commissioner Marr reported that he had been participating on the Governor's Economic Competitiveness Task Force. The Task Force has issued several recommendations to the Governor regarding the Department of Community, Trade and Economic Development; including that the head of the agency should have "Secretary" status, and that a policy-making Commission be established to provide leadership in the area of economic

development for the state. The Task Force found that Washington State ranks poorly in investment by government in promoting economic development, and recommended a reversal of the trend in declining state program investment.

ELECTION OF OFFICERS

Commissioner Marr reported that he and Commissioner Niva had interviewed commissioners regarding officers for FY 2003. He stated that the recommendation was that Commissioner Aubrey Davis be elected chair, and Commissioner George Kargianis be elected vice chair.

It was moved by Commissioner Maher, and seconded by Commissioner Barnes, to elected Commissioner Davis to be chair, and Commissioner Kargianis to be vice chair, for the term beginning July 1, 2002 and ending June 30, 2003. The motion passed unanimously.

TRANSPORTATION EFFICIENCY ACT (ESHB 2304) WORK PLAN

Ashley Probart, Transportation Planning Manager, explained that the Transportation Efficiency Act (ESHB 2304) enacted requirements for the Department and for local governments, assigning certain responsibilities to the Commission for overseeing implementation of those requirements. The Commission is responsible for establishing benchmarks for state, regional and local government regarding transportation. The planning and programming statutes were modified to provide additional guidance from the Legislature regarding criteria and tools to be used in developing plans and programs. The local governments were give new responsibilities for providing information or plans to the Commission regarding preservation and maintenance of their

systems. Mr. Probart reviewed each of the changes in statute in detail with the Commission, and provided a status report regarding what work has already been completed in implementing the requirements. He then reviewed with the Commission a work plan for accomplishing the remainder of the requirements. The benchmarks will be developed in draft form by the Commission's Benchmark Committee in time for review by the Commission at the December 2002 Commission meeting. The local government associations will participate in that work. The Department will evaluate each of the modeling tools that have been developed in proto-type form to determine which best meet the requirements of the statute, to determine which would be pursued to completion. Mr. Probart explained that the Association of Washington Cities and the Department's Highways and Local Programs Division would work with the Commission in developing the methodologies and systems for reporting pavement conditions, and the Washington State Transit Association and the Department's Public Transportation and Rail Division would work with the Commission in developing the criteria and format for the transit maintenance and preservation plans that must be certified by spring of 2003.

TACOMA NARROWS BRIDGE UPDATE

Randy Hain, Olympic Region Administrator, distributed a schedule for the project to the commissioners. He stated that the status of the steel issue is that the discussions are ongoing. Significant progress has been made. The steel unions have been in contact with the congressional delegation and the Legislature to seek funding to cover the gap in costs between the cost of steel from the US compared to the foreign market, and reports that they are making progress. The Department remains committed to meeting the project schedule.

Linea Laird, Tacoma Narrows Bridge Project Manager, said that the parties are close to agreement on the development agreement, and should be finished within the next few weeks. The design-build agreement is being negotiated, and should be completed in early July. Secretary MacDonald pointed out that the Department is being very aggressive in the negotiations to protect the interests of the toll payers. Ms. Laird stated that payment to United Infrastructure of Washington has been deferred to coincide with the finalization of the agreements. The toll systems installation agreement will cover the design, construction and installation of the hardware and software system by Trans Corp. The Department is completing a traffic and revenue study, which will be completed in early July. The study will help in developing the financing for the project. Commissioner Davis asked for a summary of the study for the Commission. Ms. Laird agreed to provide a summary. Ms. Laird reported that all of the right of way purchases have either been completed or agreements for use of the property have been completed. The notice to proceed is still scheduled to occur on September 18, 2002. The Department has hired a public involvement officer, who is working with the Region and Headquarters public information officers to finalize plans for public involvement.

Amy Arnis, Financial Planning Manager, stated the Department is working with the State Treasurer's Office to prepare for the sale of general obligation bonds, which will be backed by both the tolls and the gas tax. The last bond sale had an interest rate of about 5%. In response to a question from Commissioner Forner, Ms. Arnis stated that the Motor Vehicle Fund would be responsible to pay the debt in the event the tolls do not cover the costs. Commissioner Marr pointed out that the Commission is responsible for setting the tolls, and would have the flexibility to make decisions regarding the toll levels necessary to repay the bonds.

Commissioner Marr asked what the construction schedule is. Ms. Laird stated the contractor is scheduled to complete the basic project within 55 months of the notice to proceed. Other work will be completed within 65 months.

CENTRAL PUGET SOUND FREEWAY HOV LANES VARIABLE HOURS OF OPERATION EVALUATION

Secretary MacDonald recommended to the Commission that the schedule for completion of the evaluation be extended to permit the Department to spend the required time to work through issues with the Federal Highway Administration, develop the options more fully, and obtain more thorough public and stakeholder involvement. He pointed out that the allegation had been made that the evaluation was intended to "curry favor" with the voters in advance of Referendum 51, and stated that the Commission and Department had no such intention. Secretary MacDonald pointed out that the evaluation information materials were being developed for placement on the Department's web site, so that it would be readily accessible to the public both during and after the evaluation.

Charlie Howard, Director, WSDOT Planning and Policy Office, briefed the Commission regarding the findings from an assessment of public attitudes and opinions. The Department reviewed emails from 1996 to 2002, letters to the Governor from 1997 to 2002, and information provided the Secretary from 1997 to 2002. Only 6.4% of the public comments related to hours of operation and the concept of allowing general-purpose traffic to use the HOV lanes. A little over half of the comments made supported opening HOV lanes to general-purpose traffic. The Department also reviewed print media from 1996 to 2002, such as: letters to the editor, editorials and HOV related articles. Of approximately 200 media pieces during that time frame, eight or nine opinion pieces suggested or supported changing HOV lane hours of operation. Mr. Howard stated that the Department also analyzed survey information, including a 1999 Puget Sound Regional Council panel survey, a 1999 PSRC household survey, and a 1995-1999 University Washington Transportation Research Center (TRAC) survey of drivers. The surveys found strong support for the HOV system and the exclusive use of HOV lanes for carpools, vanpools and transit. Mr. Howard pointed out that the TRAC survey found that single occupant vehicle drivers, though supportive of restricted use of the HOV lanes, were less supportive in 1998 than in 1994. When the question regarding use of the HOV lanes was made more specific to use during non-commute hours, single

occupant vehicle drivers were more inclined to support opening the HOV lanes to all traffic, and the HOV users were equally divided on the question. Mr. Howard pointed out that the surveys also revealed a substantial number of neutral responses.

Charles Prestrud, HOV Senior Transportation Planner, WSDOT Planning and Policy Office, briefed the Commission regarding the use of the HOV system by vanpools and transit agencies. The latest available data was from 2001. The Department found that approximately 1,300 vanpools are in operation in the Puget Sound region. The vast majority uses the freeway HOV lanes for part of their commute trip. Vanpools serve markets where fixed route transit is not a practical option. Of the vanpools, 91 have one end of their trip during the middle of the day, 79 have one end of their trip at night. Fifty-one have one end of their trip at night and the other during midday. Sixteen vanpools operate on the weekends. Mr. Prestrud pointed out that the vanpool growth rate was 13% per year from 1995 to 2000, and the Department forecasts substantial growth in demand. The corridor projects under development currently include provision for a large increase in vanpools using the HOV lanes. Approximately 90% of vanpools operate during peak hours, but a high percentage of vans operate in off-peak hours when there is no congestion.

Mr. Prestrud pointed out that transit services during off-peak hours include regularly scheduled service, special event service such as to sporting events, and deadheading/out of service trips. Freeway HOV lanes are important for transit because transit provides service in all corridors of the core HOV system, and HOV lanes allow transit service to maintain a high level of speed and reliability. He described the transit service use of the I-5 HOV lanes. He stated that transit speed and reliability could be adversely impacted in some corridors if HOV lane traffic volumes significantly increased during the midday. During the night, HOV and general-purpose lane speeds are at or near the posted speed limit in all corridors. Mr. Prestrud described the transit service in freeway HOV lanes during the weekends. The service levels and ridership are significantly lower than during weekdays. The HOV lanes usually operate at or near the posted speed limit, but as a result of the high percentage of HOV eligible vehicles on weekends, HOV lane congestion can occur when traffic volumes are high. Transit agencies also provide special service to nearly 100 sporting events each year, as well as carrying passengers to special events on regular scheduled routes. Transit service also depends on the HOV lanes for deadheading, accounting for over 1,800 deadhead trips. A large share of the deadhead trips is in the off-peak direction.

Mr. Howard reviewed with the Commission the preliminary options for changing the hours of operation for HOV lanes. The Commission could open the HOV lanes to general-purpose traffic at night, on weekends, during the midday, and/or maintain HOV lane eligibility requirements at times when the general-purpose lanes are congested. He suggested that the criteria the Commission should use in evaluating the options included: travel time advantage, safety and mitigation costs, benefits, transit operations impact, vanpool operations impact, air quality impact, cost, and enforcement issues. The evaluation will also consider the position of the FHWA regarding each option, system

continuity, public opinion and stakeholder input. Mr. Howard described the next steps, which include obtaining input from the Puget Sound Regional Council's HOV advisory committee, continuing to collect public input, and review of draft finding by the Commission.

ECONOMIC DEVELOPMENT AND TRANSPORTATION COMMITTEE REPORT

Commission Maher introduced Elizabeth Robbins, who provided staff support for the Economic Development and Transportation Committee. Ms. Robbins described the membership and process of the Committee. She pointed out that the work of the Committee was scheduled in the Commission's FY02 Work Plan. The goal under the work plan was to examine the Department's policies and programs as they relate to economic development. The Committee met five times, reviewing the economic needs of each of the regions and the programs provided by each of the modal offices, as well as consulting with an economist regarding the impact of transportation on economic development. There are several programs within the Department that support economic development, and several offices work to provide focus on this issue area. The Committee found that most of the policies and programs are working very well, but some improvements could be made. Ms. Robbins reviewed the draft report with the Commission.

Ms. Robbins summarized the findings and recommendations of the Committee. The Committee recommends the Commission: 1) formalize an explicit Commission expectation that the department have an economic development policy and strategy focus; 2) add capability in the WSDOT regions to assist in the local agency comprehensive plan development related to transportation and economic development elements (and related land use decisions); 3) create a highway improvement category for rural economic development support; 4) further develop and refine an "emergent business development" discretionary matching program; 5) develop a statewide travel demand forecasting tool that includes economic development to facilitate WSDOT's investment decisions; and 6) request that the Office of Trade and Economic Development include a transportation element to its evaluation of needs (state-provided services and programs) for industry clusters/sectors.

Commissioner Niva pointed out that there are limits to what the Department can accomplish alone. The Department of Community, Trade and Economic Development should be pushed to develop an economic policy and strategy for the state. Commissioner Maher commented that the recommendations from the Committee are intended to address the Department's role, and to improve the Department's coordination with and recognition by DCTED. The state should spread the economic base of the state, and the Department should consider economic issues in making investment decisions. Commissioner Marr commented that the safety and congestion programs are the priorities and cannot be put at risk by other programs. Commissioner Maher responded that US 12 is an example of how the widening project can be recognized as both an economic issue

and a safety issue. Recognizing the economic impact of projects, and obtaining grant programs to support projects with an economic impact, is the goal of the Committee. Commissioner Barnes pointed out that the state has made commitments in the past to invest in transportation facilities in an effort to attract businesses, and then not followed through on those commitments. He commented that the state should hold to its commitments. Commissioner Davis commented that the areas of the state that would benefit from the investments contemplated have not supported transportation funding increases in the past, and in fact have voted to reduce funding. Commissioner Forner pointed out that the Growth Management Act intended that growth and development would be shifted to areas of the state outside the central Puget Sound. The rural areas don't have the economic base to pay for the transportation investments that are needed to allow growth to occur in the rural areas. She commented that the state should think outside of the box and organizational boundaries, to create a comprehensive, proactive strategy to address the economic development of the rural areas. Commissioner Niva pointed out that the graphic used in the report shows that the programs within the Department that address economic issues are scattered throughout the agency. She stated that the management team should pull together and coordinate the efforts. Commissioner Maher pointed out that Recommendation #1 would state that expectation.

Ms. Robbins pointed out that Recommendation #6 would involve sending a letter to DCTED Director Martha Choe, requesting the agency incorporate transportation into its service strategies and include the Department of Transportation in the design and implementation of strategies.

It was moved by Commissioner Forner, and seconded by Commissioner Barnes, to send a letter to DCTED requesting that it include a transportation element to its evaluation of needs for industry clusters/sectors, and include the Department in the design and implementation of strategies. The motion passed unanimously.

Ms. Robbins indicated that the report would be on the agenda in July for final consideration.

DESIGNATION OF US 97 PATEROS TO CANADIAN BORDER AS STATE SCENIC BYWAY

Judy Lorenzo, Manager, Heritage Corridors Program, stated that the staff would brief the Commission regarding the request to designate US 97 from Pateros to the Canadian border as a state scenic byway. The Commission would be asked to approve the designation in July, after the public involvement process and data analysis were completed. She described the corridor, which traverses the Okanogan Highlands and contains scenic, historic, cultural and recreation features that make the route worthy of the special designation. Paula Connelly, Byway & Interpretive Specialist, described the process for evaluating applications, which includes a detailed visual assessment of the route.

WASHINGTON STATE FERRIES QUARTERLY REPORT

Mike Thorne, Chief Executive Officer, Washington State Ferries, stated that he would use the quarterly report to discuss how the operating program is functioning and the resultant impact on revenues and expenditures. He stated that he is reviewing the cost structure to determine necessary revisions for improved management of expenses. He pointed out that WSF found that ridership dropped by 3.5% after the recent rate increase, which was half the rate of loss that had been forecast. Revenue increased by \$11.4 million, compared to the \$4.9 million expected. Mr. Thorne cautioned that the trend during the past few months is not as optimistic as a comparison at a ten-month level. Mr. Thorne also reported on WSF's participation in the regional fare coordination system, known as the Smart Card. The region's smart card requirements have been developed. The ferry system is taking several steps to integrate those requirements into the development of a new fare collection system for WSF. The ferry system is also coordinating with the Tacoma Narrows Bridge project and the Urban Corridors Office generally to make sure that the WSF system is compatible with what will be used for the toll facilities that are being developed. Mr. Thorne also briefly reported on the status of searching for a buyer of the MV Kalama and the MV Skagit, and the Keystone Terminal Feasibility Study. Mr. Thorne also stated that he met with Bill Wright to discuss Mr. Wright's concerns expressed last month, and pointed out that the fundamental issue in all of Mr. Wright's questions and concerns is that he wants some costs excluded from being a factor in farebox recovery calculations. Mr. Thorne also met with Bob Distler, Chair of the Executive Committee of the Ferry Advisory Committees to discuss the role of the ferry advisory committees and the WSF staff in providing staff support for those committees. In addition, Mr. Thorne indicated that the Tariff Policy Committee would review the San Juan Island fare structure, to determine the experience of the customers with the new structure and recommend any necessary changes during the next rules process.

WSDOT RESEARCH PROGRAM

Secretary MacDonald explained that Marty Pietz, WSDOT Research Director, would be retiring soon, and had lead the research program to be one of the five best in the nation. He indicated that he thought it was an appropriate time to brief the Commission regarding the program's accomplishments and its future direction.

Mr. Pietz stated that the research program has a budget of \$3.5 million, of which 75% is from dedicated federal funds. He described the program's research categories, which include environmental issues, traffic operations and intelligent transportation systems, special projects, construction and materials, planning, bridges and structures, and design and safety. The amount of money spent in each area will vary from year to year, and depends on the needs of the Department's programs. He stated that the research program is conducted in cooperation with university, governmental and private research teams. Mr. Pietz described the processes and results of two case studies, one

relating to steel bridge fatigue cracking and the other relating to temperature differentials in asphalt pavement. Both cases were prime examples of how the research program works on practical, emergent problems to find technological and procedural fixes. Mr. Pietz also described three examples of research in progress, including: improved methods for assuring that both adult and juvenile salmon can move through highway culverts; finding a way to provide accurate, real-time estimates of traffic conditions up to 15 miles ahead, 15 minutes into the future; and ensuring longer pavement life by utilizing doveled joints in concrete pavement.

Mr. Pietz indicated that Washington's research program is a piece of a larger nationwide program, which is funded by the National Cooperative Highway Research Program. Each state contributes to the research, and shares information with other states through a Transportation Research Information Service. In addition, states collaborate with each other on research projects, sharing expertise and avoiding duplicate expenses. The American Association of State Highway and Transportation Officials uses the information to establish national standards. Mr. Pietz stated that the program would soon be soliciting ideas for the next round of research efforts. Focus areas will include how to maximize the use of existing infrastructure, how to improve traffic congestion measurement, improving customer responsive design and construction, and complying with environmental responsibilities.

The Commission meeting adjourned at 12:35 p.m. on June 20, 2002.